

**Board of Directors**  
Public Forum Nov. 14, 2007

# Public Participation Form

Thank you for your interest in participating in the public forum on group rating hosted by members of the Ohio Bureau of Workers' Compensation Board of Directors on Nov. 14, 2007.

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Please send the completed form to GroupRatingInfo@bwc.state.oh.us or fax it to (614) 621-9421 by Friday, Nov. 9. Direct questions about the forum to Don Berno, BWC board liaison, at (614) 728-0756 or Don.Berno@bwc.state.oh.us.

Name: James Herlihy ✓

Title: VP

Company or association representing: werehadenough.net / Herlihy Moving

Mailing address:

Email address: James@herlihymoving.com

Phone number: 614 871-4040

Please summarize your presentation/issues with group rating:   
600 - 1000% increases when kicked out of group.

**Ohio Bureau of Workers' Compensation**

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Name:	Jon A. Lindseth
Title:	CEO
Company or association representing:	Kindt-Collins Company
Mailing address:	12651 Elmwood Av Cleveland, OH 44111
Email address:	<a href="mailto:jlindseth@kindt-collins.com">jlindseth@kindt-collins.com</a>
Phone number:	216-476-2023
Please summarize your presentation/issues with group rating:	BWC must help Ohio gain jobs by being more competitive. BWC must cut costs, not raise prices.

**Ohio Bureau of Workers' Compensation**

TESTIMONY OF JON LINDSETH TO THE BWC BOARD OF DIRECTORS  
REGARDING GROUP-RATING. NOVEMBER 14, 2007

1. This meeting it to take testimony about the potential reduction of the maximum group-rating discount from 90% to 80%. Those in group plans know it is important to continue these group programs and the discounts for good safety performance. They are a great incentive. One of the principals that makes the Ohio Workers' Compensation Plan among the best in the country is that it is a mutual insurance plan. It is necessary to maintain the fund's solvency and the system's ability to spread the cost among all employers. If this discount change is made, other additional corrections to the system should also be made as I will discuss.

2. There have been suggestions that Ohio should switch the system to private insurance. This would not help since it would subject the employers who experience some costly claims to much larger premiums. However, I urge this Board to examine the non-insurance components of what Ohio employers pay for in their present BWC premium and unbundle the costs of these non-insurance items so they can be purchased by employers from suppliers of their choice.

3. Ohio now limits the maximum that any employer can be charged for any one claim (the so called "maximum value"). It can do this because the system includes all smaller Ohio employers in what is a mutual insurance system. This "umbrella" insurance protection is needed and should continue. But I urge you to consider reducing the "maximum value" amount in an attempt to avoid the problem of 6,700 Ohio employers having their premiums go up by an average of 697% in one year resulting in up to 31% of them going bankrupt.

Next, I will propose another, more important change that can be made to avoid this type of very large premium increase.

4. The legislature recently increased the "medical only" limit to \$15,000 that an employer can pay out of pocket in order to avoid

including it in the premium calculation. This amount should be increased to \$25,000 and it should be expanded to include medical payments resulting in "lost time", something not now permitted and also, most importantly, it should include payments for permanent partial disability awards. It is expensive and frustrating for an employer to be thrown out of a group because of a few injuries resulting in a penalty rating which is unacceptable to the group. This change will go a long way to avoiding what happened to the 6,700 employers who saw rates go up in one year by an average of 687%. And all injured workers will still get complete coverage.

This is the single most important thing you can do to cut costs to employers, to increase Ohio jobs and still maintain all the coverage workers now have.

5. This board should resist any suggestion to eliminate the current deduction of salary continuation from the premium calculations for the state funded employers. Elimination of the deduction would remove the incentive for small employers to provide salary continuation for injured workers. Salary continuation is an incentive for employers by reducing the reserves that may make them ineligible for group rating. It also has the effect of focusing the small employer on what is happening to the claim and encourages the employer to make light work available to the injured worker during recuperation from his or her injury. Small employers had been reluctant to develop transitional light work before the salary continuation program was introduced by the BWC. So, keep this program as is. This is one part of the current program that helps keep rates and costs low and Ohio workers on the job.

6. The group rating program, the drug-free workplace program and the premium discount program (PDP) have done a lot to focus employers on preventing injuries instead of just reacting to them. While these programs may not always result in an immediate reduction of the employer's "frequency and severity" rates, the programs do help get top management to recognize that unsafe working conditions and procedures have a measurable cost and

unnecessary result. These programs are excellent and should be retained.

7. Thank you for the opportunity to share my views and make what I believe are some helpful suggestions that will lower costs and avoid high spikes in premiums to some employers.

I urge you to hold additional meetings of this sort to cover other BWC issues important to Ohio employers including cost reduction and investment improvement both of which affect the prices employers pay.

Best wishes for your important task of keeping the Ohio Workers' Compensation program among the best in the country.

**Blackburn Tamara D.**

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**From:** Abu-Absi Laura  
**Sent:** Tuesday, November 13, 2007 10:58 AM  
**To:** Blackburn Tamara D.  
**Cc:** Sullivan Carey; Berno Donald  
**Subject:** FW: Nov 14 BWC testimony of Jon Lindseth  
**Attachments:** BWC revised testimonyIII.doc

Can you please re-register Mr. Jon Lindseth to speak at the group forum in the order he was originally slated to do so? He cancelled last week because of a scheduling conflict but he has resolved it and would still like to participate.

Also, is it possible to let me know where he is on the agenda? He's contacted some legislators offices on the matter and I'd like to be able to let him and the legislators know approximately when he'll be speaking.

Thank you!  
Laura  
2-9381

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**From:** Jon Lindseth [mailto:Jlindseth@kindt-collins.com]  
**Sent:** Tuesday, November 13, 2007 10:52 AM  
**To:** judgestwo@verizon.net; senatorstivers@aol.com  
**Cc:** sbusken@mailr.sen.state.oh.us; Abu-Absi Laura; Chad.Hawley@ohr.state.oh.us; Dustin.Russell@ohr.state.oh.us  
**Subject:** Nov 14 BWC testimony of Jon Lindseth

To all,

My schedule has opened up and Laura Abu-Absi has kindly added be back to the list of presenters for the Wednesday BWC Board hearing. There are 60 people presenting so it will be a long day.

Attached is my testimony. I make six points and #4 is of particular importance when combined with the discount decrease from 90% to 80%. If #4 is adopted by the BWC, the legislature and the Governor, it will go a long way to avoiding the problem cited be the BWC release that last year, "6,700 employers saw their premiums increase by an average of 697% resulting in about 31% going bankrupt."

This is bad for Ohio, for taxpayers, for workers and employers.

Thank you, Jon Lindseth



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Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company or association representing: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Email address: \_\_\_\_\_

Phone number: \_\_\_\_\_

Please summarize your presentation/issues with group rating:

*Group rates, concerns over uncontrolled increases.*

**Ronald Swiech Jr.**  
Senior Director of Human Resources



*Sisters of Charity*  
of Cincinnati

5900 Delhi Road • Mount St. Joseph, Ohio 45051  
Main Line (513) 347-1000 • Direct Line (513) 347-5319  
FAX: (513) 451-4882  
[www.srcharitycinti.org](http://www.srcharitycinti.org)  
e-mail: [ron.swiech@srcharitycinti.org](mailto:ron.swiech@srcharitycinti.org)

Ohio Bureau of Workers' Compensation

**Board of Directors**

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Name: Jeannie Radcliff

Title: Vice President

Company or association representing: Home Instead Senior Care  
and [www.wavehadenough.net](http://www.wavehadenough.net)Mailing address: 6001 Cochran Rd., Suite 404  
Solon, OH 44139Email address: [jradcliff@homeinsteadohio.com](mailto:jradcliff@homeinsteadohio.com)

Phone number: 440-914-1400

Please summarize your presentation/issues with group rating:

- Group Rating is unfair
- Group Rating violates basic standard insurance practices
- Because of Group Rating there are problems with :
  - MCO
  - TPA
  - MIRA
  - fraud
  - inequity

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Name:

Rachel Faris

Title:

Human Resources Director

Company or association representing:

Lerner, Sampson + Rothfuss

Mailing address:

120 East Farth Street  
Eighth Floor  
Cincinnati, OH 45202

Email address:

rachel.faris@lsrlaw.com

Phone number:

513-241-3100 x.3338

Please summarize your presentation/issues with group rating:

Our company has been diligently working toward getting back into our group rating through the BWC Ten Step Business Plan + Safety Council participation. We are very disappointed at the potential of not being eligible for the maximum discount, now that we will be in our group again.

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Name: EARL STEIN

Title: V. Pres (owner)

Company or association representing: Corky & Lenny's Rest. Deli

Mailing address: 27091 Chagrin Blvd.  
Woodmere Village, Ohio  
44122

Email address: EHSTR3@hotmail.com

Phone number: 216.464.3838  
cell 216 798-8590

Please summarize your presentation/issues with group rating:  
In Business for 50 yrs  
Employee @ 80 people.  
was in group paid \$25,000/yr  
Had two claims. Kicked  
out of group. Now paying  
@ \$85,000/yr. Very hard to  
stay in business with this  
type of increase. We need  
help.

Ohio Bureau of Workers' Compensation

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Name: Steven J. Katz

Title: Senior Vice President

Company or association representing: Canton Regional Chamber of Commerce

Mailing address: 222 Market Ave., N.  
Canton, Ohio 44702

Email address: [katzcrcc@cantonchamber.org](mailto:katzcrcc@cantonchamber.org)

Phone number: 330-458-2062

Please summarize your presentation/issues with group rating:

Our plan, the Buckeye Regional Alliance Group Rating Plan, is opposed to reducing the maximum group rating discount from 90% to 80%.

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

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Name: Steve Millard

Title: Executive Director

Company or association representing: Council of Smaller Enterprises (COSE)

Mailing address: 100 Public Square  
Suite 210  
Cleveland, OH 44113

Email address: [smillard@cose.org](mailto:smillard@cose.org)

Phone number: 216.592.2436

Please summarize your presentation/issues with group rating:

COSE believes that the BWC does need to reduce the discount rate to level out the playing field. COSE believes that the BWC should slowly implement a reduction schedule.

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Name: Adam D. Woodward

Title: Client Advocate

Company or association representing: The Matrix Companies

Mailing address: 7162 Reading Road Suite 250  
Cincinnati, Ohio 45237

Email address: [awoodward@mtrxinc.com](mailto:awoodward@mtrxinc.com)

Phone number: 513.351.1222

Please summarize your presentation/issues with group rating: Reducing maximum rate will cost employers thousands of dollars which will ultimately impact unemployment, decrease safety in the workplace, and decrease the business economy.

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Name: Valerie Schmitz

Title: Sec/Tres

Company or association representing: Standard Displays Mfg. Co. Inc.

Mailing address: 1615 E 25th St.  
Cleveland, Ohio 44114

Email address: val@std-displays.com

Phone number: 216-771-2449

Please summarize your presentation/issues with group rating: We are a small company who has been cast out of group for 2 injuries.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
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Name: John Siegel

Title: President/owner

Company or association representing: Siegel Roofing, Inc

Mailing address: 5557 Vine St.  
Cincy, Ohio 45217

Email address: JOHNSIEG5@CS.COM

Phone number: 513-641-0898

Please summarize your presentation/issues with group rating: Improve Business Survival from Negative effects of group rating.

**Ohio Bureau of Workers' Compensation**

\*\*\* TOTAL PAGES 02 \*\*\*

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Name: Ron Stake

Title: Vice President

Company or association representing: Ohio Small Business Association

Mailing address: 6543 East Main St.  
Suite A1  
Reynoldsburg, Ohio 43068

Email address: ronstake@aol.com

Phone number: 614 759 6355

Please summarize your presentation/issues with group rating: BWC group rating discount reductions should be implemented slowly. Reductions need to be done over least a three year period.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
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Name: Eric L. Burkland

Title: President

Company or association representing: The Ohio Manufacturers' Association

Mailing address: 33 N High St  
6th floor  
Columbus Ohio 43215

Email address: [eburkland@ohiomfg.com](mailto:eburkland@ohiomfg.com)

Phone number: 614-224-5111

Please summarize your presentation/issues with group rating: OMA is in support of making actuarially sound adjustments to group rating and will present this opinion.

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Name: Peter Van Runkle

Title: Executive Director, Ohio Health Care Association

Company or association representing: OHCA, AOPHA, Ohio Academy of Nursing Homes

Mailing address: 55 Green Meadows Drive South  
Lewis Center, OH 43035

Email address: [pvanrunkle@ohca.org](mailto:pvanrunkle@ohca.org)

Phone number: 614-540-1329

Please summarize your presentation/issues with group rating:

Our members (skilled nursing facilities) would be harmed by the proposed reduction of the group rating discount. This cost increase is particularly harmful because Medicaid rates are capped.

**Ohio Bureau of Workers' Compensation**

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Name: *CONSTANCE NAHRA*

Title: *VP / FINANCE*

Company or association representing: *Aladdin Baking Company*

Mailing address: *1301 Carnegie Avenue  
Cleveland, Ohio 44115*

Email address: *CCNAHRA@AladdinBaking.com*

Phone number: *216-861-0317*

Please summarize your presentation/issues with group rating:

*Disparities, inequities & abuse have adversely impacted our PITA Bread company w/ the current w/c system. w/ 2 soft tissue (back) claims in 2004 (one completely w/o merit) resulted in huge MIRA reserves put on the claims - therefore our sponsor group "kicked us out" & our premium went from \$12,000 to \$123,000 - a 100% increase.*

*Ohio Bureau of Workers' Compensation the sponsor group for BWC was there to help us. Transparency, Simplicity & The No-Fault Insurance must be immediately & equitably implemented.*



1301 CARNEGIE AVENUE  
CLEVELAND, OH 44115  
PH- 216-861-0317  
FAX-216-274-0549

<b>To:</b>	Carey Sullivan/Ohio Bureau of Workers Comp. Director of Marketing/Commun.	<b>From:</b>	Connie Nahra
<b>Fax:</b>	614-621-9412	<b>Pages:</b>	4
<b>Phone:</b>	614-466-0692	<b>Date:</b>	11/12/07
<b>Re:</b>	Testimony- 11/14/07		

Urgent     For Payment     Please Comment     Please Reply     Please Recycle

Carey,

Please find attached form that was sent to Don Berno on Thursday, November 8<sup>th</sup>.

Do you have any order of testimony to be given on Wednesday. I understand from one of our Employers here in Cleveland, that there are approx. 40 participants giving testimony and that they are evenly split – for and against the maximum reduction rate.

Please contact me with any updates.

Connie Nahra



*The Home of Aladdin's Pita Bread*

1301 CARNEGIE AVENUE  
CLEVELAND, OH 44115  
PH- 216-861-0317  
FAX-216-274-0549

T.M.

<b>To:</b>	BWC/Don Berno Board Liason	<b>From:</b>	Connie Nahra
<b>Fax:</b>	614-621-9421	<b>Pages:</b>	3
<b>Phone:</b>	614-728-0756	<b>Date:</b>	11/8/07
<b>Re:</b>	BWC Public Forum 11/14/07		

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Please see the attached participation form required to present testimony to the BWC Board of Directors on November 14, 2007.

I was not able to electronically enroll – therefore the ink copy – however this is just a summary.

I understand the testimony is limited to two minutes per participant.

My testimony will include – Company Particulars

No. of Employees – type of employees

The economic impact that the W/C premium has on our bottom line and what our company needs to produce to cover the exorbitant premium. The ever-looming threat of getting kicked “out of a group” when a company experiences a claim or two and is removed, “the premium does not increase by 100%” It is often 500-1000%. More than two to three times more than Liability insurance. Employers cannot continue to stay in Business and give Ohio Citizens jobs with a system that is rife with disparities and inequities that penalizes Employers for having a claim or two.

The current W/C system that permits Group Sponsors to dictate who they will allow in their groups and at what discount, needs to be transparent, simplified and just.. If Legislation is needed to correct this “out of control” bureaucracy, then the Legislators must step up to the plate and do what is in the best interest of the State of Ohio and it's citizens.

November 8, 2007

*In 1912, when Workers Comp. was created – it was to be a “no Fault” insurance system between the Employer and the Employee – managed by the non-profit BWC. It was created as security for the Employer to take care of the injured worker – not an “insurance” to drive the Employer “out of business” nor to allow countless bureaucracies to siphon off millions of \$\$ paid for only by the Employer. We must get back to the original intent - The current administration with Governor Strickland and Administrator Marsha Ryan at the helm has communicated what needs to be done to “right the ship” and save thousands of jobs in the State of Ohio – let us all work as a team to immediately fix this “broken system.” The current recommendation of lowering the maximum discount from 90% to 80% is just a baby step in the right direction, however much more work has to be done to correctly and efficiently commit our efforts to repair the instability and uncertainty in the current Group Rating Program along with other problem areas of the Workers Compensation System. Without Employers – there will be no Employees.*

• Page 2

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Board of Directors  
Public Forum Nov. 14, 2007

# Public Participation Form

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Please send the completed form to GroupRatingInfo@bwc.state.oh.us or fax it to (614) 621-9421 by Friday, Nov. 9. Direct questions about the forum to Don Berno, BWC board liaison, at (614) 728-0756 or Don.Berno@bwc.state.oh.us.

Name: Eric Detmer

Title: Plant Manager / owner / Partner

Company or association representing: Potter Inc.

Mailing address: 630 Commerce Drive  
PO. Box 685  
Bryan, OH 43506

Email address: edetmer@potter-inc.com

Phone number: 419-636-5624

Please summarize your presentation/issues with group rating: 

- Impact of this change to my company
- Positive aspects of Bureau
- 

FAXED

NOV 9 7 2007

Ohio Bureau of Workers' Compensation

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Sonya Wilson

Title: Owner

Company or association representing: Rainbow Home Environmental Services

Mailing address: PO Box 54863  
Cincinnati, OH 45254

Email address: wilson76@aol.com

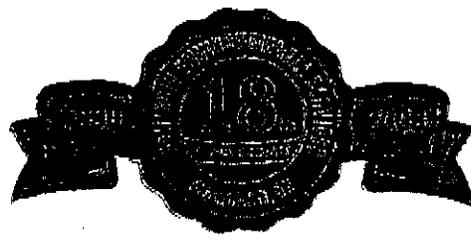
Phone number: 513-624-6470

Please summarize your presentation/issues with group rating:

How can a small business continue to operate successfully to provide new equipment, employ more people, and provide safety training as the resource dollars dwindle?

*Ohio Bureau of Workers' Compensation*

Water • Air • Land • Noise  
Wastewater & Stormwater



P.O. Box 54863  
Cincinnati, OH 45254  
(513) 624-6470  
FAX (513) 231-0301

# ~Fax Transmittal~

Date 11/8/07

Attention: Don Berno

Fax Number: 614-621-9421

Sent From: Songa Wilson

Number of pages sent 1 not including the cover page.

Message: Please find the completed

Public Participation Form

Thanks

11-11-11

11-11-11

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: *Terry Pfister*  
Title: *Chief Financial Officer*

Company or association representing: *Enerfab*

Mailing address: *4955 Spring Grove Ave.  
Cinti, OH 45232*

Email address: *terry.pfister@enerfab.com*

Phone number: *(513) 482-7656*

Please summarize your presentation/issues with group rating:

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Jeff Sloan

Title: Risk Manager

Company or association representing: Enerfab

Mailing address: 4955 Spring Grove Ave  
Cinti, OH 45232

Email address: jeff.sloan@enerfab.com

Phone number: (513) 482-7656

Please summarize your presentation/issues with group rating:

**Ohio Bureau of Workers' Compensation**

**Blackburn Tamara D.**

**To:** terry.pfister@enerfab.com

**Subject:** BWC Public Forum

Thank you for your request to speak at the public forum on the group-rating program sponsored by the Ohio Bureau of Workers' Compensation Board of Directors. Your information and opinions will be valuable as the board considers reducing the maximum discount from 90 percent to no less than 80 percent for the 2008 policy year.

The forum will begin at 9 a.m. Wednesday, Nov. 14, in the Level 2 auditorium of the William Green Building, 30 W. Spring St., Columbus. Check in begins at 8 a.m. The forum is scheduled to last two hours.

**Getting here**

From Interstate 670 east

- Take South Third Street (Exit 4B) to High Street.
- Once on High Street, get in the far right lane. Continue on High Street to Spring Street. Turn right on Spring Street.
- The William Green Building is on the right at the corner of Spring and High streets.

From Interstate 70 (I-70) east/Interstate 71 (I-71) north

- Take South Front Street/High Street (Exit 100A).
- Continue on Fulton Street and Livingston Avenue.
- Turn left on High Street.
- Turn left on Spring Street.
- The William Green Building is on the right at the corner of Spring and High streets.

From I-70 west

- Take Fourth Street (Exit 100B).
- Continue on Fulton Street.
- Turn right onto South High Street.
- Turn left onto Spring Street.
- The William Green Building is on the right at the corner of Spring and High streets

From I-71 south

- Take Spring Street (Exit 109C). Note: You exit I-71 from the left lane.
- Turn right onto Spring Street.
- The William Green Building is on the right at the corner of Spring and High streets.

**Parking**

If you are not familiar with downtown Columbus parking, give yourself several extra minutes in the morning to find a space. Several private parking lots and garages are close to BWC.

Nearby parking lots include:

- Two flat-fee, pre-pay parking lots on the south side of Spring Street between North Fourth Street and the William Green Building;
- A parking garage at West Spring and North Ludlow streets;
- A parking garage on North Front Street between West Spring and Nationwide Boulevard.

When you arrive

11/8/2007

Please visit the check in tables outside the auditorium to sign in before the meeting begins. Actuarial Committee Chairman Chuck Bryan will start with a brief introductory statement, then call speakers to the microphone in the order they registered.

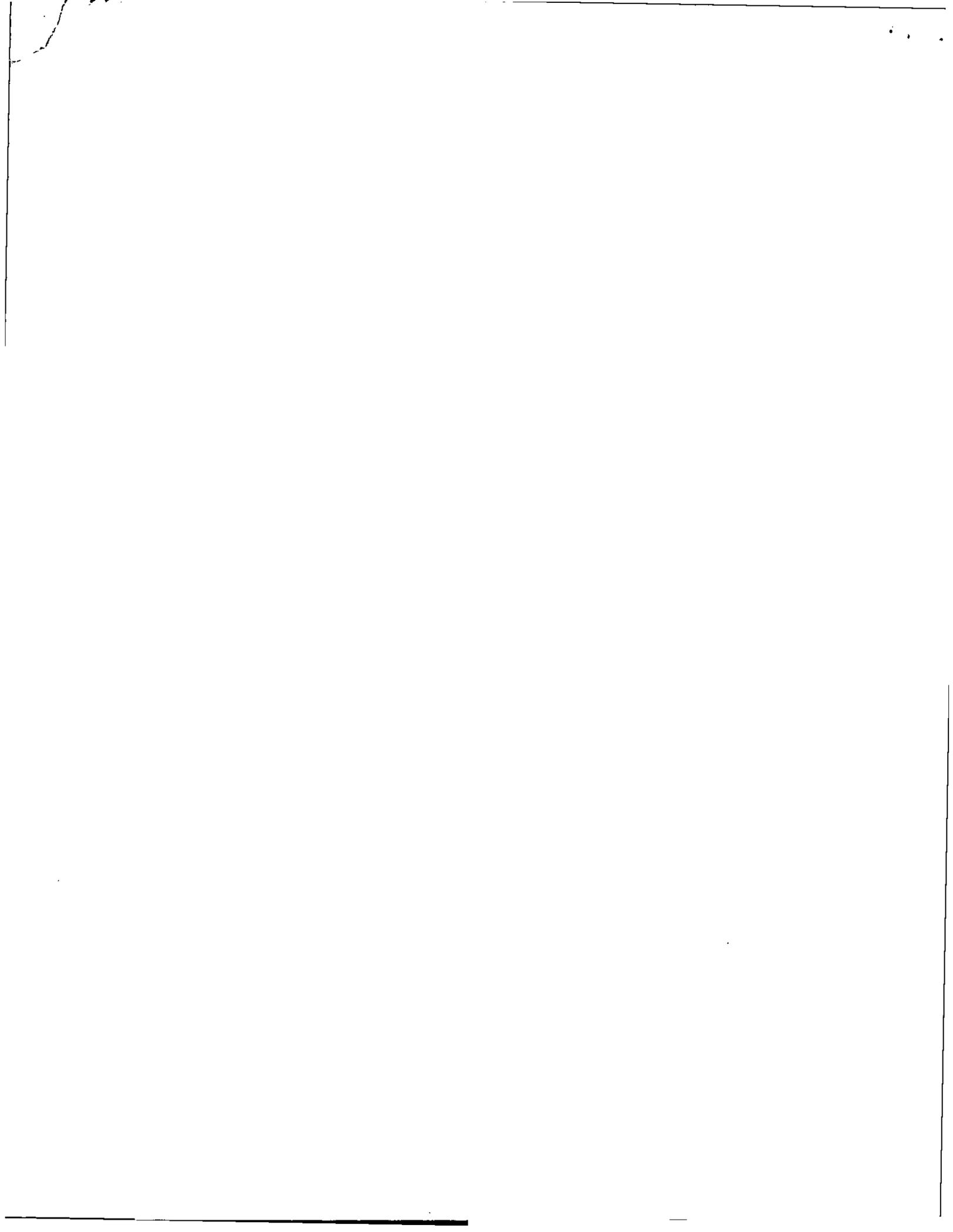
**Your testimony**

Each speaker will have about five minutes for his or her presentation. If your testimony is complex, we encourage you to offer written testimony as well. You may leave any written testimony and supporting documentation with attendants at the registration desk.

Please use one of the two microphones in the auditorium aisles when called upon to address the Actuarial Committee. Using the microphone will ensure board members and the audience will hear your remarks and, more importantly, be incorporated into the transcript of the public forum.

Thank you again for your interest in BWC and the time and consideration you are investing in this issue.

Have a great day,  
Tammy Blackburn  
Communications  
Phone: 614-995-1821



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Name: Frank Deaner

Title: Executive Director

Company or association representing: Ohio Newspaper Association

Mailing address: 1335 Dublin Road, Suite 216-B  
Columbus, OH 43215

Email address: [fdeaner@ohionews.org](mailto:fdeaner@ohionews.org)

Phone number: 614-486-6677

Please summarize your presentation/issues with group rating:

The need for maximum premium savings for the 39 small-market newspaper publishers that are in our group rating program.

# Public Participation Form

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

Board of Directors  
Public Forum Nov. 14, 2007

# Public Participation Form

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

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Name: Bill Ivancic

Title: V.P.

Company or association representing: Bluestar Metal Recycling

Mailing address: 210 Williams Street  
Elyria, Ohio 44035

Email address: [bill@bluestarmetal.com](mailto:bill@bluestarmetal.com)

Phone number: 440-323-3950

Please summarize your presentation/issues with group rating:

We object to the proposed lowering of the premium discount.

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Gregory J. Cassidy

Title: President ,CEO

Company or association representing: Findlay Truck Line, Inc.

Mailing address: 420 Trenton Ave.  
Findlay oh 45840

Email address: gcassidy@ftico.com

Phone number: 800-333-3852

Please summarize your presentation/issues with group rating:

An unfortunate claim experience, totally out of an employer's control, creates a situation, that eliminates participation in a group, and the subsequent premiums put the company out of bussiness.

**Ohio Bureau of Workers' Compensation**

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Name: Mike Tarbet

Title: Owner and Vice President

Company or association representing: Jet-O-Chem, Inc.

Mailing address: PO Box 335  
Columbiana, Ohio 44408

Email address:

Phone number: 330.482.0300

Please summarize your presentation/issues with group rating:

Supporting needed changes in group rating.

**Blackburn Tamara D.**

---

**From:** Sullivan Carey  
**Sent:** Friday, November 09, 2007 8:06 AM  
**To:** Blackburn Tamara D.  
**Subject:** FW: Testify on the Group Rating Program  
**Attachments:** Berno Donald.vcf

Put these two guys on the list of speakers

- A. Mike Tarbet-Owner & Vice President  
Jet-O-Chem, Inc – Policy 762192  
P.O. Box 335  
Columbiana, Ohio 44408  
(330) 482-0300
- B. Leonard Morris – Owner & Treasurer  
Serex Services Co. – Policy 480557  
55 Victoria Rd.  
Youngstown, Ohio 44515  
(330) 792-5211

Carey Sullivan  
Director of Marketing/Special Events  
Division of Communications  
Ohio Bureau of Workers' Compensation  
office 614.466.0692  
cell 614.273.5165  
fax 614.621.9412  
[Carey.Sullivan@bwc.state.oh.us](mailto:Carey.Sullivan@bwc.state.oh.us)

---

**From:** Berno Donald  
**Sent:** Tuesday, November 06, 2007 1:59 PM  
**To:** Sullivan Carey  
**Subject:** FW: Testify on the Group Rating Program

or these two. . .

*Donald C. Berno*  
*Board Liaison*  
Ohio Bureau of Workers' Compensation  
30 W. Spring Street, L 29  
Columbus, Ohio 43215  
Phone: 614-728-0756  
Cell: 614-202-4255  
Fax: 614-621-1456  
[Donald.Berno@bwc.state.oh.us](mailto:Donald.Berno@bwc.state.oh.us)

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**From:** Jackson Jeremy

11/9/2007



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11-11-11

11-11-11

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Name: Leonard Morris

Title: Owner and Treasurer

Company or association representing: Serex Services

Mailing address: 55 Victoria Rd.  
Youngstown, Ohio 44515

Email address:

Phone number: 330.792.5211

Please summarize your presentation/issues with group rating: Has many concerns about his current premium rates.

**Sent:** Monday, November 05, 2007 10:09 AM  
**To:** Berno Donald  
**Subject:** FW: Testify on the Group Rating Program

More info on the two employers from Youngstown for 11/14 testimony.

---

**From:** Costantino David  
**Sent:** Friday, November 02, 2007 2:20 PM  
**To:** Jackson Jeremy  
**Cc:** Anderson Jerry; Tomaino Martie; Delisio Melissa  
**Subject:** RE: Testify on the Group Rating Program

Jeremy,

Good Afternoon!

I contacted each of these two employers and discussed then information that you provided. Listed below are the answers to your questions:

- A. Mike Tarbet-Owner & Vice President  
 Jet-O-Chem, Inc – Policy 762192  
 P.O. Box 335  
 Columbiana, Ohio 44408  
 (330) 482-0300
- B. Leonard Morris – Owner & Treasurer  
 Serex Services Co. – Policy 480557  
 55 Victoria Rd.  
 Youngstown, Ohio 44515  
 (330) 792-5211

You're Question - I need to know whether he is planning on submitting anything (written testimony or other documentation) because that must be in by COB 11/9.

- A. Mike Tarbet will not have any written testimony or any other documentation
- B. Leonard Morris stated he will have a couple pieces of documentation. I told him that I would be in contact with him so this documentation is submitted prior to the COB on 11/9/2007.
  - a. Question –Jeremy, how would you like to receive this information? Mr. Morris could give me the documentation and I will forward to you or he could submit directly to you, which ever you prefer.

Both employers are planning on arriving the night before and spending the night in Columbus.

- Question – Will this meeting be taking place at the Wm. Greene Building?
- Question – What room is this meeting being conducted in?

Thanks and have a great weekend!

*David J. Costantino*  
 Employer Management Supervisor

11/9/2007

OhioBWC-Field Operations  
Youngstown Service Office  
Phone: (330) 270-3096 Cell: (330) 301-5825  
Fax: (866) 292-1020  
E-mail: [David.C.3@bwc.state.oh.us](mailto:David.C.3@bwc.state.oh.us)  
Visit: [www.ohiobwc.com](http://www.ohiobwc.com) for information

---

**From:** Jackson Jeremy  
**Sent:** Thursday, November 01, 2007 4:57 PM  
**To:** Costantino David  
**Cc:** Anderson Jerry; Tomaino Martie; Delisio Melissa  
**Subject:** RE: Testify on the Group Rating Program

Here's the last thing that I need from you:

If they do want to testify, I need his name, title, and company. Also, I need to know whether he is planning on submitting anything (written testimony or other documentation) because that must be in by COB 11/9. That last part is not mandatory.

Otherwise, that's it. The hearing will begin at 9:00 a.m. on 11/14, so they'd have to be there by then. I don't know how the board is planning on setting the order for this, so if they do nail down a time, we can pass that along.

Let me know what other questions you might have for me...and thanks again.

---

**From:** Costantino David  
**Sent:** Thursday, November 01, 2007 1:21 PM  
**To:** Jackson Jeremy  
**Cc:** Anderson Jerry; Tomaino Martie; Delisio Melissa  
**Subject:** FW: Testify on the Group Rating Program

Jeremy,

Good Afternoon!

Listed below are the answers to your questions.

If any additional information is needed, please feel free to contact me.

Thanks,

**David J. Costantino**  
Employer Management Supervisor  
OhioBWC-Field Operations  
Youngstown Service Office  
Phone: (330) 270-3096 Cell: (330) 301-5825  
Fax: (866) 292-1020  
E-mail: [David.C.3@bwc.state.oh.us](mailto:David.C.3@bwc.state.oh.us)  
Visit: [www.ohiobwc.com](http://www.ohiobwc.com) for information

---

---

**From:** Jackson Jeremy  
**Sent:** Thursday, November 01, 2007 10:05 AM

11/9/2007



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Name: Michael DePaola

Title: Chief Financial Officer

Company or association representing: Lutheran Social Services of Central Ohio

Mailing address: 750 East Broad Street  
Columbus, Ohio 43205-1000

Email address: [mdepaola@lssco.org](mailto:mdepaola@lssco.org)

Phone number: 614-228-5200 (extension 1140)

Please summarize your presentation/issues with group rating:

We will face a significant annual increase in excess of \$50,000. This is a financial hardship for our non-profit organization that provides care for the homeless and food pantries for the hungry.

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Name: Robert J. Frieden

Title: President

Company or association representing: Frieden Landscape, Inc.

Mailing address: 14970 Crimson King Trail  
Chardon, Ohio 44024

Email address: [Friedenland@alltel.net](mailto:Friedenland@alltel.net)

Phone number: 440-286-3259

Please summarize your presentation/issues with group rating:

Frieden Landscaping was kicked out of Cose in 2003 for one injury claim. At the time we were paying a little under \$1500 per year. We now pay over \$25,000 per year until July of 2008.

## Frieden Landscaping's Testimony Regarding Workman's Compensation

In 2003 we were kicked out of Cose's group due to one \$6000 claim. At the time we were paying approximately \$1500 per year for Workman's Comp. After the claim our rates shot up to over \$25,000 per year for four years.

This is a very serious cost increase to a company that operates seasonally. We generate income only 10 months out of the year.

We have had to cut our workforce by 1/3<sup>RD</sup> in order to offset the cost of this single operating expense.

The cost to insure our company has decreased 10-12% per year since 2003. It is now \$4,700 per year. While our Workman's Comp rate continues to remain ridiculously high.

Knowing that the BWC has \$20 billion sitting in the bank, it would be nice to be refunded our \$94,000 (plus interest) for our \$6000 claim.



**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: **Tim Burlinski**

Title: **owner**

Company or association representing: **Burlinski Trucking INC.**

Mailing address: **P O 204 Windsor Ohio 44099**

Email address: **[tim@burlinski-trucking.com](mailto:tim@burlinski-trucking.com)**

Phone number: **440-272-5509**

Please summarize your presentation/issues with  
group rating:

**see next page**

*Ohio Bureau of Workers' Compensation*



I am a small trucking company that dose local and long distant trucking I had 4 truck but now I am down to 2 do to extremely high workers comp costs I have been forced to reduce to 1 driver and work full time myself driving to cut payroll costs I don't have much payroll on myself so it will cut my workers comp amount the owner has to work for almost nothing to save money on workers come premiums I work up to 70 hours a week driving and then work 20 to 40 hours more finding work for the trucks doing all the parole invoicing road tax fuel reports repairs on all the equipment I have a driver that worked for me for a few weeks stained his back I sent him to the doctor and it was under workers comp after months they determined that it was non work related but the BWC said they where going to allow it he has scoliosis generative disk disease and arthritis he started working on 11/22/03 he saw the doctor 12/4/03 he worked 13 days never missed any work after the injury so how can the BWC tell me it not work related but were going to allow it and I HAVE TO PAY EXTREMELY HIGH RATES DO TO MY SKY ROCKETING CLAIMS not long after that I was kicked out of group due to my out of control clams and started to drive up my premium in 14 years I have had 3 clams 5/21/97 total \$300.80 7/25/01 total \$3236.36 12/4/03 to 11/9/07 total \$18,360.76

In 2000 I was paying 5.58%

In 2001 I was paying 3.56%

In 2002 I was paying 4.25%

In 2003 I was paying 5.40%

In 2004 I was paying 8.66%

In 2005 I was paying 7.69%

In 2006 I was paying 14.61%

In 2007 I paid 27.35% and I don't see any end in sight why do we pay for insurance if the cost is higher than the clam this is the first time in 23 years of business that I have been looking into shutting down my company and go to work for some one else ohio is losing jobs every week and no new ones come into ohio when will some one see there is a big problem

THANK YOU FOR  
YOUR TIME *Jim Beulach*

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Vertical text on the left edge of the page.

**Board of Directors**

Public Forum Nov. 14, 2007

# Public Participation Form

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: James Variglotti

Title: CEO / owner.

Company or association representing: Cuyahoga Vending

Mailing address: 14250 S. Industrial Ave  
Maple Heights, Oh 44137

Email address: CVS 88@aol.com

Phone number: (216) 663-1457 ext 101  
cell (216) 402-0017

Please summarize your presentation/issues with group rating:

No rhyme or reason for the increases & the number of fraud cases being ignored.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Phillip Tolleff

Title: District Manager

Company or association representing: Cuyahoga Vending

Mailing address: 14250 S. Industrial Ave.  
Maple Heights

Email address: philtolleff@msn.com

Phone number: (216) 663-1457

Please summarize your presentation/issues with group rating:

**Ohio Bureau of Workers' Compensation**

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Name: Karen Migchelbrink

Title: President

Company or association representing: Migchelbrink Inc.

Mailing address: 3234 Myersville Road  
Uniontown, OH 44685

Email address: KMIGCH@AOL.COM

Phone number: 330-699-2812

Please summarize your presentation/issues with group rating:

When we were in group, were paying

**Board of Directors**

Public Forum Nov. 14, 2007

**Public Participation Form**

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Name: *TIM SADOWSKI*Title: *PRESIDENT*Company or association representing: *LINDERME TUBE CO.*Mailing address: *1500 E 219<sup>th</sup> ST  
EVLIA, OHIO 44117*Email address: *TSADOWSKI@LINDERME.COM*Phone number: *216-481-5300 x122*

Please summarize your presentation/issues with group rating:

*THE 2007 POLICY YEAR BASE RATE INCREASES OUR PREMIUM \$+96,000.00. TOTAL PREMIUM IS NOW ESTIMATED AT \$400,000.00. THIS IS AFTER IMPLEMENTING THE DRUG-FREE WORKPLACE PROGRAM AT MAXIMUM LEVELS. CURRENT RATES THREATEN SURVIVAL OF THE BUSINESS. LINDERME NEEDS HELP IN 2007 POLICY YEAR - NOW. WHAT CAN BE DONE.*

Ohio Bureau of Workers' Compensation

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Patrick B. Carroll

Title: Business Manager

Company or association representing: MKC Associates, Inc.

Mailing address: 40 West Fourth Street Mansfield, Ohio 44902

Email address: pcarroll@mkcinc.com

Phone number: 419.525.1102

Please summarize your presentation/issues with group rating:

Obviously, as a small company, our biggest concern is the impact that doubling our rates in one year could have to our operations. Increases are best handled in small increments over periods of time

*Ohio Bureau of Workers' Compensation*

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Jennifer LOOPER

Title: Business Manager

Company or association representing: Eagle Property Maintenance, LLC

Mailing address: 3028 Addison Galiste Rd.  
New Galiste, OH 45344

Email address: eagleprops@shcglobal.net

Phone number: 937-781-9280

Please summarize your presentation/issues with group rating: Our company had to lay off 18<sup>+</sup> employees this year due to workers comp. premiums.  
As a small company these premium discounts are crucial to our bottom line

Ohio Bureau of Workers' Compensation

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Richard Mason

Title: Director of Government Affairs

Company or association representing: Ohio Restaurant Association

Mailing address: 1525 Bethel Rd, Suite 301  
Columbus, OH 43220

Email address: [rmason@ohiorestaurant.org](mailto:rmason@ohiorestaurant.org)

Phone number: 614-442-3535

Please summarize your presentation/issues with group rating:

Please consider the severe economic impact the proposed changes will have on many Ohio restaurants

**Ohio Bureau of Workers' Compensation**

**Blackburn Tamara D.**

---

**From:** Richard Mason [rmason@ohiorestaurant.org]  
**Sent:** Friday, November 09, 2007 5:07 PM  
**To:** Group Rating Info  
**Subject:** Actuarial Committee Testimony  
**Attachments:** BWC\_Letter\_Mason\_2.pdf

BWC Board of Directors:

My testimony before the Actuarial Committee on November 14, 2007 is attached. Please let me know if you have any questions.

Richard Mason  
Director of Government Affairs  
Ohio Restaurant Association  
1525 Bethel Rd, Suite 301  
Columbus, OH 43220-2054  
614-442-3535 Ext 130  
Fax 614-442-3550  
rmason@ohiorestaurant.org

11/13/2007

OHIO RESTAURANT



ASSOCIATION



1525 Bethel Road  
Suite 301  
Columbus, OH 43220-2054

Tel: 614-442-3535  
Fax: 614-442-3550  
Toll Free: 1-800-282-9049

November 14, 2007

Charles Bryan, Chair, Actuarial Committee  
James Hummel, Committee Member  
Jim Matesich, Committee Member  
Ohio Bureau of Workers' Compensation  
30 West Spring Street  
Columbus, OH 43215

Dear Chairman Bryan, Mr. Hummel and Mr. Matesich:

On behalf of the members of the Ohio Restaurant Association, we respectfully urge you to delay implementation of the proposed reduction in credibility rates.

The members of the BWC's Board of Directors, along with Administrator Ryan, the Governor and legislative leaders continue to receive input from a variety of employers and employer groups. My purpose is not to provide additional data and actuarial analysis, but rather to direct your focus to the financial impact that a significant increase in workers' compensation costs will have on so many Ohio employers.

Our industry is the second largest private sector employer in the State of Ohio, with over 27,000 locations and more than 550,000 employees. Restaurants have increasingly been hit with escalating cost drivers, including the minimum wage law, skyrocketing health care costs, the cost of most food products due in large part to the increase demand for corn, higher utilities, and for many restaurants, a loss of revenue as a result of the statewide smoking ban.

Restaurants average four cents in pre-tax income for every dollar spent by customers. With such small margins, a major hike in workers' compensation premiums may well be the straw that breaks the camel's back. In a September survey of our members, 23% said that their ability to remain in business is in jeopardy.

As restaurateurs and other small businesses create their FY 2008 budgets, they will be doing so not knowing if our state government will be demanding that they provide pregnancy leave and paid sick leave to their employees, and not knowing what rates they will be paying to provide workers' compensation coverage to their employees.

Some adjustments in the credibility rates may be appropriate. We will join others to work with the Bureau to make such changes, along with new claim reserving and rate making systems. However, we believe that cutting the group rate discounts at this time is unnecessary and should be delayed until all of the planned changes can be studied together.

Thank you for considering the impact that your decisions will have on the costs borne by Ohio's restaurants.

Sincerely,

Richard Mason  
Director of Government Affairs



Board of Directors  
Public Forum Nov. 14, 2007

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Name: ROBERT L. RUNTZ

Title: PRESIDENT

Company or association representing: TRI-STATE BEEF

Mailing address: 2124 BAYMILLER STREET  
CINCINNATI, OH 45214

Email address: tristatebeef@fuse.net

Phone number: 513-579-1722

Please summarize your presentation issues with group rating: PREMIUM RATES FOR "OUT OF GROUP"  
NOT FAIR ACROSS THE BOARD VS. "INGROUP" RATES

Ohio Bureau of Workers' Compensation

**Board of Directors**  
Public Forum Nov. 14, 2007

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**Name:** Fred Pausch and Bill Wilcox

**Title:** Director of Legislative Services; Deputy Director of Mgmt. Services

**Company or association representing:** Ohio School Boards Association

**Mailing address:** 8050 N. High Street, Suite 100, Columbus, Ohio 43235

**Email address:** [f\\_pausch@osba-ohio.org](mailto:f_pausch@osba-ohio.org) [b\\_wilcox@osba-ohio.org](mailto:b_wilcox@osba-ohio.org)

**Phone number:** (614) 540-4000, ext. 231 (Fred) and ext. 242 (Bill)

**Please summarize your presentation/ issues with group rating:**  
As a group sponsor for public schools in Ohio, it is our belief that making such changes in the group-rating program will have a substantial on school budgets and ultimately Ohio taxpayers. Funds currently being used for educating students will need to be diverted



# Ohio School Boards Association

8150 North High St Ste 100 Columbus OH 43235-6482  
(614) 540-4000 • (800) 589-OSBA • fax: (614) 540-4100  
www.osba-ohio.org

Date: 11/9/07  
Time: 1:00 P.M.

Please deliver this transmission immediately to:

Mr/Ms./Mrs.: Don Beard  
School District/Company: Ohio BWC  
FAX number: (614) 821-9421  
From: Bill Wilcox  
Deputy Director  
number of pages: 2  
(including this cover page)

Comments: \_\_\_\_\_  
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If you do not receive any of the pages properly, please call immediately  
OSBA telephone number: (614) 540-4000  
OSBA fax number: (614) 540-4100



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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

**Board of Directors**

Public Forum Nov. 14, 2007

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Name: Richard E Geier

Title: President

Company or association representing: Geier School Co II dba Primrose School of Mason

Mailing address: 5888 Snider Road  
Mason, Ohio 45040Email address: [Geiersch@aol.com](mailto:Geiersch@aol.com)

Phone number: 513-310-0927

Please summarize your presentation/issues with  
group rating:

As a 30 employee, highly regulated, childcare center business serving 160 local children each day, a lower WC group discount can only be offset by restrained wages my Ohio employees.

**Ohio Bureau of Workers' Compensation**

Compensation  
Consultants Inc.  
P.O. Box 8101  
Dublin, Ohio 43016  
(800) 837-3200 Ext. 7221  
614-526-7221  
Fax 614-210-5579

facsimile transmittal

To: Don Berno Fax # (614)621-9421

---

From: Jim Tompkins Date: 11/9/2007

---

Re: Public Participation Form Pages: 2 pages including the cover page

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CC:

---

Urgent  For Review  Please Comment  Please Reply  Please Recycle

---

Hello Don; Please find enclosed my completed Public Participation Form expressing my desire on behalf of the Service Association of Ohio to speak at the Ohio Bureau of Workers' Compensation Board of Director's meeting on November 14, 2007.

Please contact me at (614)526-7221 with any questions.

Thank you. Jim Tompkins

Board of Directors  
Public Forum Nov. 14, 2007

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Name: JIM TOMPKINS

Title: ANALYST

Company or association representing: SERVICE ASSOCIATION OF OHIO

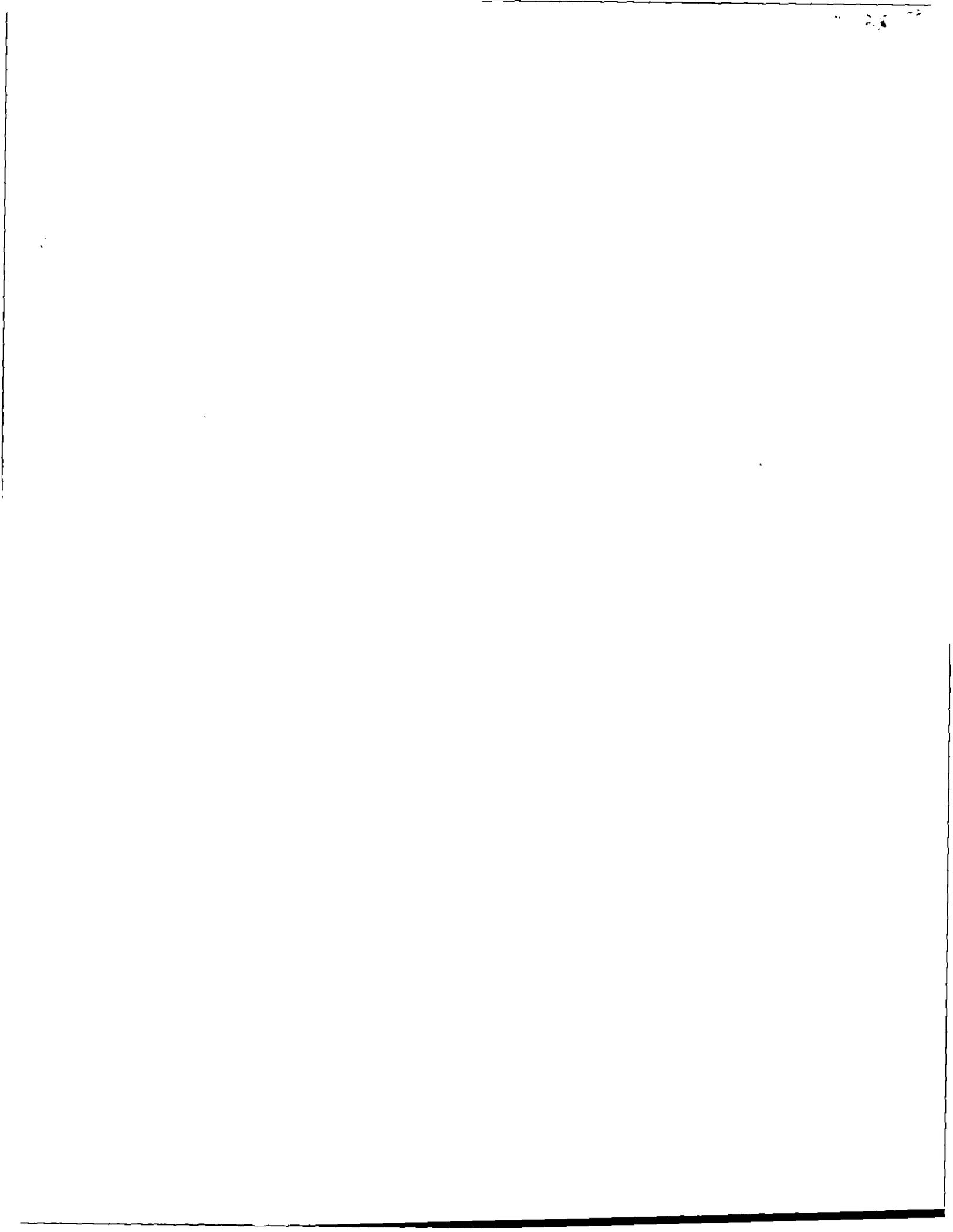
Mailing address: 5500 GLENDON COURT  
SUITE 300  
P.O. BOX 8101  
DUBLIN, OHIO 43016

Email address: james.tompkins@ccitpa.com

Phone number: (614) 526-7221

Please summarize your presentation/issues with group rating:

Ohio Bureau of Workers' Compensation



**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Cheryl Ann Saluga

Title: Vice President of Human Resouces

Company or association representing: Columbiana Foods Inc

Mailing address: 4700 Belmont Ave.  
Youngstown, Ohio 44505

Email address: [cheryl.saluga@gianteagle.com](mailto:cheryl.saluga@gianteagle.com)

Phone number: 330-759-2297

Please summarize your presentation/issues with group rating:

Expressing my views on the group rating situation currently and the effects it may have on my business should the maximum be changed to 80%.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: David K Little

Title: General Manager

Company or association representing: Ohio American Water Company

Mailing address: 365 E. Center Street  
Marion, OH 43302-4101

Email address: david.little@amwater.com

Phone number: 740-383-0900

Please summarize your presentation issues with group rating:

Any changes in group ratings that cost this private utility will directly impact all the utility customers served by Ohio American.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Please send the completed form to GroupRatingInfo@bwc.state.oh.us or fax it to (614) 621-9421 by Friday, Nov. 9. Direct questions about the forum to Don Berno, BWC board liaison, at (614) 728-0756 or Don.Berno@bwc.state.oh.us.

Name: Jim Knisely

Title: President

Company or association representing: Bemar Trucking, Inc.

Mailing address: P.O.Box 660  
Dover, OH 44622

Email address: jimknisely@bemertrucking.com

Phone number: 330-795-0060

Please summarize your presentation/issues with group rating:

Rates discounts are important to keep businesses competitive in a state that is already losing jobs. Need to turn BWC over to private sector if the bureau is unable to manage finances.

**Ohio Bureau of Workers' Compensation**

Board of Directors  
Public Forum Nov. 14, 2007

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Name: Larry Holmes

Title: Vice President - Finance

Company or association representing: Fort Recovery Industries

Mailing address: 2440 State Route 49  
PO Box 638  
Fort Recovery, OH 45846-0638

Email address: [larryh@fortrecoveryindustries.com](mailto:larryh@fortrecoveryindustries.com)

Phone number: 419-375-4121

Please summarize your presentation/issues with group rating:

A more measured approach and broader in scope to dealing with group rating needs to occur - both in timelines and changes in premium costs (i.e. reducing 90% to 80%).

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Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

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Name: MARK BUDIG

Title: VICE PRESIDENT - ADMINISTRATION

Company or association representing: PARSEC, INC. (# 114799Z)

Mailing address: 1100 GUEST STREET  
CINCINNATI, OH 45203

Email address: mbudig@parsecinc.com

Phone number: 513-562-8216

Please summarize your presentation/issues with group rating:

COSTS FOR NON-GROUP RATED COMPANIES APPEAR TO BE DISPROPORTIONATE COMPARED TO GROUP RATED COMPANIES. DUE EXPOSURE IS AS FOLLOWS.

			2/10/04	4/02	PRGM ÷ PYRL
6/1/01 - 6/30/02	} GROUP		36,019	2,402,303	1.5%
7/1/02 - 6/30/03			38,426	2,650,445	1.4%
7/1/03 - 6/30/04			147,227	3,003,491	4.9%
<hr/>					
Ohio E	} NOT GROUP		250,671	2,873,269	8.7%
7/1/05 - 6/30/06			270,669	3,074,001	9.2%
1/1/06 - 6/30/07				2,100,000	0.2%

R=92%

# FACSIMILE TRANSMISSION



1100 GEST STREET  
CINCINNATI, OHIO 45203

TO: DON BETEND (F-614-621-9421)

COMPANY: BWC BOARD LIAISON

FROM: MARK BUDIG

DATE: 11/9/07 TIME: 4:10P

NUMBER OF SHEETS (INCLUDING COVER): 2

**COMMENTS:**

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RE: WEDS, 11/14/07 FORUM ON  
GROUP RATING.

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PHONE NUMBER: (513)621-6111

FAX NUMBER: (513)621-4330

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Name: Ty Pine  
~~Chris Ferruso~~

Title: Member Benefits Program Manager

Company or association representing: National Federation of Independent Business (NFIB)

Mailing address: 10 West Broad Street, Suite 2450  
Columbus, OH 43215

Email address: chris.ferruso@nfib.org

Phone number: (614) 221-4107

Please summarize your presentation/issues with group rating: Please see attached.

**Blackburn Tamara D.**

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**From:** Ferruso, Chris [Chris.Ferruso@nfib.org]  
**Sent:** Monday, November 12, 2007 10:32 AM  
**To:** Group Rating Info  
**Subject:** BWC Forum November 14, 2007  
**Attachments:** 2007 Group Rating Testimony (2).doc; PublicPartFormNew.pdf

**To Whom It May Concern:**

Please find attached the public participation form and testimony provided to the Ohio House Insurance Committee for NFIB. I look forward to the opportunity to offer input. I would appreciate a received receipt. Thank you.

Chris Ferruso  
Member Benefits Program Manager  
NFIB/Ohio  
10 West Broad Street, Suite 2450  
Columbus, OH 43215  
614-221-4107

**Privacy Notice**

The information contained in this message may be privileged and confidential and protected from disclosure. If the reader of this message is not the intended recipient, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to this message and deleting it from your computer.

11/13/2007

**TESTIMONY BEFORE THE OHIO HOUSE  
INSURANCE COMMITTEE**

**WORKERS' COMPENSATION GROUP RATING  
127TH OHIO GENERAL ASSEMBLY**

**INTERSTED PARTY TESTIMONY**

**ROGER R. GEIGER  
VICE PRESIDENT & EXECUTIVE DIRECTOR  
NFIB/OHIO**

**October 23, 2007**

Mr. Chairman and members of the Ohio House Insurance Committee, thank you for allowing me to present testimony on the Ohio Bureau of Workers' Compensation (BWC) Group Rating Program. I am Roger Geiger, Vice President and Ohio Executive Director for the National Federation of Independent Business, NFIB. NFIB was founded in 1943 as a member-driven advocacy organization dedicated exclusively to small and independent business owners. Our typical member employs ten or fewer and has annual gross revenue sales of around \$500,000. We now represent approximately 25,000 members in Ohio and 350,000 nationwide.

Our mission is to promote and protect the right of our members to own, operate and grow their business. The backbone of our advocacy is a ballot process whereby our members set our policy positions, and in 1990 our members strongly supported the legislative efforts that established Ohio's Workers' Compensation Group Rating program. Additionally, NFIB/Ohio provides a multitude of member benefits as a way to add value to membership. In 1992, NFIB/Ohio began our sponsorship of a group rating program and that now covers 8,549 member companies and is saving them a projected \$54 million in workers' compensation premiums. Since 1992, the NFIB/Ohio Group Rating program has served approximately 20,000 different companies saving them over \$675 million in premiums. Enclosed with my testimony is our historical data on participants and savings.

In the 1980s and early 1990s workers' compensation costs were out of control and claims management was abysmal. In a bipartisan way the Ohio General Assembly responded by establishing the concept of group rating to allow small employers to pool together in large numbers to garner premium savings. In return, participating state fund employers agreed to better manage claims and enhance workplace safety.

*Bona fide* trade and professional associations were tasked with sponsoring group rating programs in hopes that the associations would place the interests of their members first. The intent of the law clearly requires sponsoring associations to appropriately manage claims and enhance workplace safety. Most sponsoring associations have elected to provide these two critical services through contract arrangements made with third party administrators. In NFIB/Ohio's case we have a contractual relationship, since 1992, with GatesMcDonald, a Nationwide Company, to serve as our third party administrator. Group rating programs are NOT sponsored by third party administrators and the accountability for these programs rests exclusively with sponsoring associations.

Under the provisions of the laws and rules governing group rating, NFIB/Ohio provides our members the best opportunity to participate in a savings program. Today, NFIB/Ohio offers savings in all 10 BWC established industry classifications and we manage 38 discount tiers with savings ranging from 20% to 90%.

As required by rule, each year we review existing participants and new companies who have asked to be evaluated for participation in the program which begins July 1<sup>st</sup>. Each year, we try to maximize the premium savings potential of state fund companies based upon their actual workers' compensation record over the previous five years. We traditionally re-invite close to 95% of our participating member companies, and of those new companies we evaluate each year

we historically have invited close to 70%. We are proud to provide our members with the most comprehensive offerings of any sponsor.

However, each year we must also make a difficult choice to remove from our group rating program a small number of companies who are significantly impacting the savings of the rest. A company whose actual losses rise above their expected losses penalizes the remaining companies in the group. As a sponsoring association, we have a fiduciary responsibility to protect the financial impact of those companies who have no or little claims loss. If we fail in this responsibility, trust me, the highly competitive marketplace will correct the problem for us. It is important to note that while it is a very difficult decision to remove companies from the program each year, our lifetime removal rate is approximately 4%, which is well below the industry average. For our program, NFIB/Ohio's leadership makes that decision on each and every company that is removed – a difficult role but one that I believe each sponsoring association must be accountable to make.

We also offer a comprehensive, quality safety program. NFIB/Ohio, in conjunction with our third party administrator GatesMcDonald, has dedicated over \$4.9 million to our safety program since 1995. Our safety program includes:

- Four, full-time safety consultants that our members can utilize free of charge;
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Additionally, NFIB/Ohio is one of two sponsoring associations to offer a Premium Discount Program (PDP). This program is for companies that have been removed from the group rating program due to claims experience. We provide this program to show our membership that removing a company from group rating is not a decision we take lightly. PDP allows a participating company to recognize savings of up to 30% by implementing the BWC 10 Step Safety Plan and meeting frequency and severity benchmarks established by the BWC. I have attached a sample safety plan for your review. Again, NFIB/Ohio is dedicated to our membership and aims to help ease the transition out of group rating by offering PDP. We have saved hundreds of employers over \$6 million on their premiums. Understand that we do not generate revenue from this program; in fact we lose money through this offering. Of course our ultimate goal is to return each employer to group rating through better safety practices.

NFIB members participating in our group rating program also receive unemployment compensation services through a dedicated team at Gates McDonald, and a Legal Defense Program through the law firm of Bricker & Eckler that provides legal representation on those cases that enter the court system whose ultimate disposition may bring significant impact on the BWC system as a whole. The Legal Defense Program has represented 145 employers providing

legal services to them valued at \$1.4 million – to which an individual participating company paid only \$12 as part of their administrative fees.

Make no mistake, NFIB commits considerable resources to our group rating program in order to provide our membership a tremendous value. Again, a major goal of the initial group rating law was to reduce claims through better workplace safety practices. The sponsoring associations were charged with establishing quality safety programs to meet this goal. NFIB/Ohio believes that the BWC should better review the resources each sponsor dedicates to safety, pursuant to state law.

I also want to recognize that actuarial studies have indicated a “gap” exists between premiums paid by group and non-group employers. The recommendation in each study was to reduce the maximum discount. NFIB/Ohio is committed to working with the Bureau to ensure that the system is actuarially sound and any gap is minimized. We strongly believe that the comprehensive review prescribed in House Bill 100 of the 127<sup>th</sup> General Assembly must be completed promptly and the BWC should seek to eliminate all inadequacies as a package in lieu of focusing on one component.

By way of background, an employer’s premium is based on their manual classification and amount of payroll – within that calculation each employer is actuarially expected to incur a limited amount of loss (loss ratio = expected losses v. actual losses). The loss ratio almost exclusively determines whether an employer is eligible for group and at what level discount. Employers may become ineligible for group when they have a negative loss ratio (actual losses exceed expected losses). Note that an accident or multiple accidents remain on an employer’s experience for a five-year period.

As you know, and as Administrator Ryan has testified before this committee, the BWC Board of Directors has indicated that the maximum discount allowed for a group rating participant will be no less than 80%. Assuming the 80% maximum discount, the NFIB/Ohio group rating participants on average will experience a 70% increase in their premiums. In fact, one company in our program will see a \$56,723 increase in their premiums! In fairness, Administrator Ryan has also indicated a possible reduction in base rates of up to four percent.

As group rating is meant to be a revenue neutral program, it is important that the reduction in maximum discount be a dollar for dollar trade off with the reduction in base rates. It is important to note that while reducing the maximum discount rate will reduce any gap that may exist, it will not increase the number of employers eligible for group rating. In fact, should the maximum discount be reduced to 80% we will, based upon our 2007 group data, have to remove 61 additional companies from our program. The reduction in maximum discount compresses the whole group and makes the formation of lower savings level tiers unstable and not cost effective for participants.

On behalf of our members who are both in group and out of group, we would respectfully suggest legislative oversight in the following areas in order to retain and improve this significantly important program that is benefiting almost 100,000 small- and medium-sized companies in Ohio:

**Maximum Discount:**

The maximum discount needs to be based upon actuarially sound studies that review the current 90% max discount and incorporate a reduction in base rates. The review must be completed promptly and with current actuarial data. Further, the process should be transparent allowing interested parties to evaluate the entire data set.

**Comprehensive Review:**

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Group status is heavily and almost exclusively based upon the ratio of expected losses to actual losses. Included in the ratio is the reserving set by the BWC on each claim. The reserve significantly impacts the loss ratio and therefore group eligibility status. House Bill 100 required the implementation of a more transparent reserving system. Currently, the BWC formula used to calculate reserves is proprietary and as such no outside actuary could verify the soundness of the formula. The new MIRA II system is also proprietary. The BWC must allow for outside review to ensure that reserving is appropriate and actuarially sound.

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Group rating was established with two primary purposes: to comprehensively manage claims and to create better workplace safety practices thereby decreasing the number of claims. The BWC needs to better review the resources each group sponsor dedicates to workplace safety and consider any needed enhancements.

Mr. Chairman and members of the committee, the workers' compensation group rating program is a sound concept that is vital to the very survivability of many small companies. NFIB/Ohio is committed to ensuring the letter and spirit of the law are met and look forward to working with the administration and the legislature to make any necessary improvements. Thank you for allowing me to testify and I would be happy to address any questions the committee may have.

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Name:

Title:

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Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

**Board of Directors**

Public Forum Nov. 14, 2007

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

**Board of Directors**

Public Forum Nov. 14, 2007

**Public Participation Form**

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Name: Michelle Brown

Title: Treasurer + Director of HR

Company or association representing: Beverage Distributors, Inc.

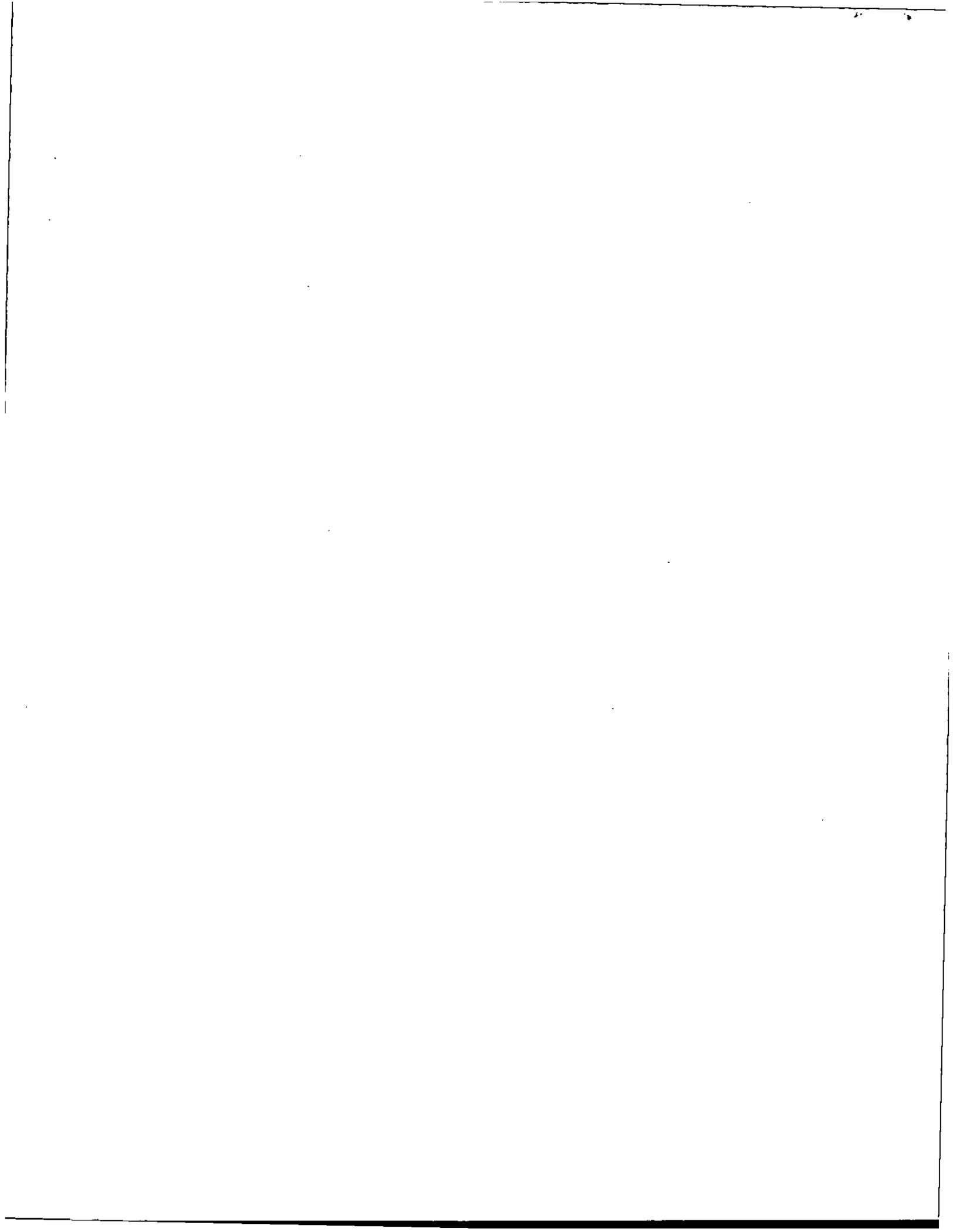
Mailing address: 3800 King Ave.  
Cleveland, Ohio 44114Email address: [michellebrown@beveragedist.com](mailto:michellebrown@beveragedist.com)

Phone number: (216) 431-1600 x 104

Please summarize your presentation/issues with group rating:

We are unable to participate in group rating + are currently paying over \$400,000 per year in premiums. We would like to see a more equitable method of assigning groups + charging premiums.

**Ohio Bureau of Workers' Compensation**





OUR FACSIMILE TELEPHONE NUMBER IS (216) 472-0992

DATE: 11/9/07 TIME: \_\_\_\_\_

TOTAL OF: 1 PAGE(S) TO FOLLOW

TO: Don Berno

COMPANY: Ohio BWC

FAX#: (614) 621-9421

FROM: Michelle Brown

SPECIAL INSTRUCTIONS (IF ANY):

Request to participate in public forum  
on Wednesday, November 14, 2007

\* RE-FAX \*

F:\BDI Structure\BDI Forms & Templates

3800 King Avenue • Cleveland, Ohio 44114 • (216) 431-1600 • Fax (216) 472-1628

1

1

1

**Board of Directors**  
Public Forum Nov. 14, 2007

# Public Participation Form

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Name:

Title:

Company or association representing:

Mailing address:

Email address:

Phone number:

Please summarize your presentation/issues with group rating:

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Denis E. Phillips

Title: Safety & Compliance Manager

Company or association representing: Precision Strip, Inc., and Precision Strip Transport, Inc.

Mailing address: 86 South Ohio Street  
Minster, Ohio 45865

Email address: [denny\\_phillips@precision-strip.com](mailto:denny_phillips@precision-strip.com)

Phone number: 419-675-5434

Please summarize your presentation/issues with group rating: Impact of proposed changes to group that will impact large state fund companies.

**Ohio Bureau of Workers' Compensation**

**Board of Directors**

Public Forum Nov. 14, 2007

**Public Participation Form**

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Name: BRANDON LITTLETitle: SR PASTORCompany or association representing: LANDMARK BAPTIST ChurchMailing address: PO Box 228Amelia OH 45102Email address: PASTOR@LBCLOHIO.COMPhone number: 513-752-7751

Please summarize your presentation/issues with group rating:

SMALL BUSINESS/NFP EXPENSIVE**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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*Debra J. Szarka* 11/10/07

Name: *Debra SZARKA*

Title: *CFO*

Company or association representing: *SZARKA FINANCIAL MANAGEMENT*

Mailing address: *29691 CORAIN ROAD  
N. Olmsted, OH 44070*

Email address: *d.szarka@szarkafinancial.com*

Phone number: *440-779-1130*

Please summarize your presentation issues with group rating:

*Affinity Group Pricing through Sheakley  
Uniserve Inc. Help us keep our BWC rates  
reasonable. Their education programs and  
support staff help us to identify risks  
& minimize our exposure to injuries. A  
Higher premium will force us to reduce  
our staff. Raising the rates makes OHIO  
non competitive in attracting and keeping  
Small Business.*

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: JAY DUMMERMUTH

Title: HUMAN RESOURCE MANAGER

Company or association representing: ALLIED MACHINE & ENGINEERING CORP.

Mailing address: 120 DEEDS DRIVE  
DOVER, OH 44622

Email address: jadummermuth@alliedmachine.com

Phone number: 330-343-4283

Please summarize your presentation/issues with group rating:

AMEC CONTINUES TO SUPPORT GROUP RATING  
AS IT CURRENTLY EXISTS. THE PROPOSED  
CHANGE WOULD INCREASE OUR PREMIUMS  
BY \$36,000 (ROUGHLY 20%)

**Ohio Bureau of Workers' Compensation**

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Jeffrey Thompson

Title: Sr. Vice-President Finance

Company or association representing: The Wm. Powell co.

Mailing address: 2503 Spring Grove Ave.  
Cincinnati, OH 45214

Email address: [jthompson@powellvalves.com](mailto:jthompson@powellvalves.com)

Phone number: 513-852-2088

Please summarize your presentation/issues with  
group rating:

We feel that the changes proposed to the group rating will impact  
our company and reduce the discounts available to us in the future.

*Ohio Bureau of Workers' Compensation*

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Name: Art Exton & Chris Stobb

Title: EXECUTIVES

Company or association representing: Dreyers Grand Ice Cream dba: Edy's Grand Ice Cream # 798139

Mailing address: 5425 Warner Road  
Cleveland, Ohio 44215

Email address:

Phone number: 216-524-3397

Please summarize your presentation/issues with group rating:

INCREASE IN PREMIUMS, MOVINGS TOO FAST, EMPLOYERS OF OHIO AND THE EFFECTS THIS WILL HAVE.

**Board of Directors**  
Public Forum Nov. 14, 2007

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Name: Heather McGraner

Title: VP, Safety & HR

Company or association representing: Romanoff Electric, Romanoff Electric Residential & Romanoff Mech

Mailing address: 1288 Research Rd  
Gahanna, Ohio 43230

Email address: [hmcgraner@romanoffgroup.cc](mailto:hmcgraner@romanoffgroup.cc)

Phone number: 614-755-4500 (215)

Please summarize your presentation/issues with group rating:

Concerns regarding the financial impact of the proposed reduction of the credibility table on my companies.



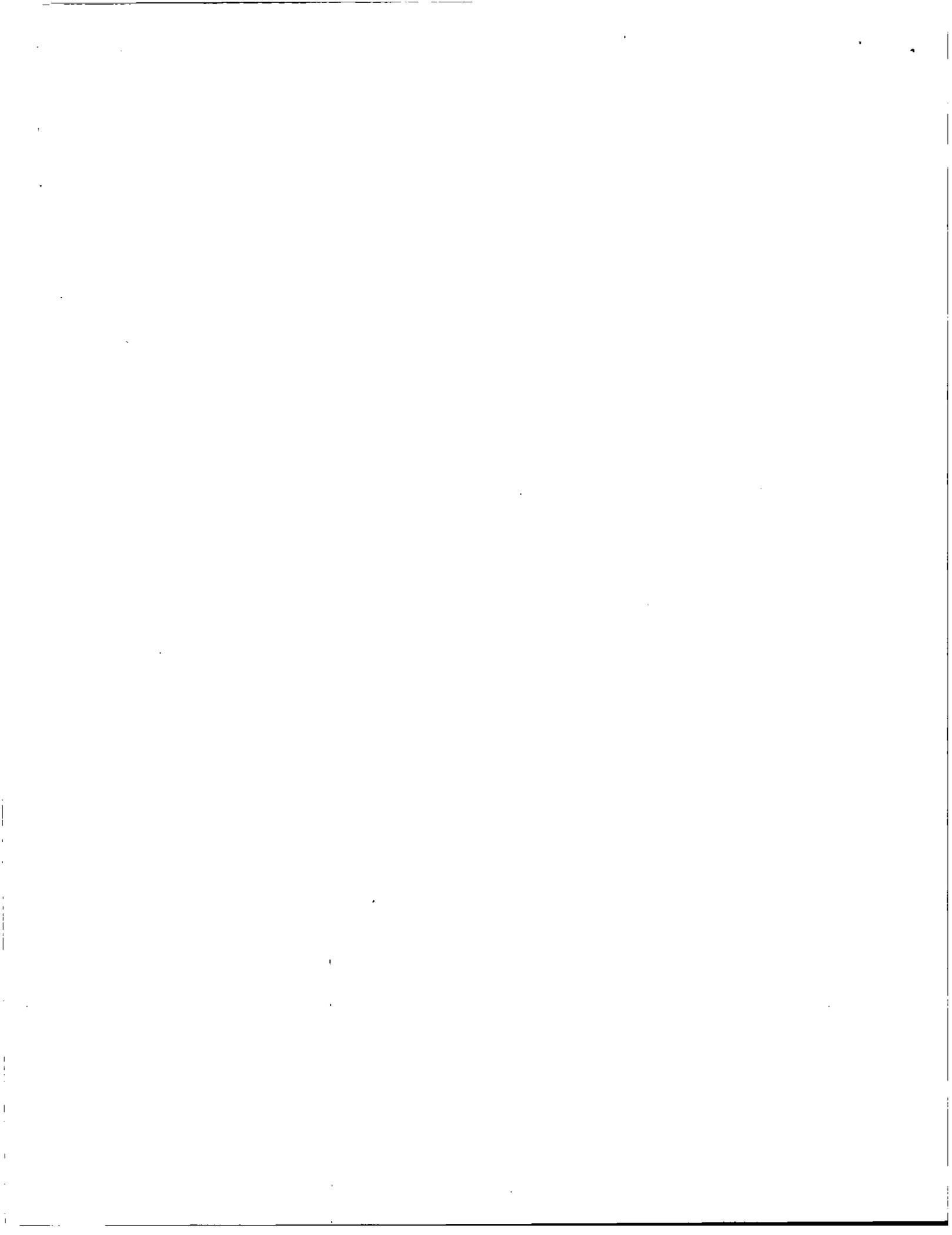
Compensation  
Consultants Inc.  
P.O. Box 8101  
Dublin, Ohio 43016  
(800) 837-3200 Ext. 7221  
614-526-7221  
Fax 614-210-5579

facsimile transmittal

To: Don Berno	Fax # (614)621-9421
From: Jim Tompkins	Date: 11/13/2007
Re: Public Participation Withdrawal	Pages: 5 pages including the cover pages
CC:	
<input type="checkbox"/> Urgent <input type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

**Hello Don; Please find enclosed the materials I was looking to share on behalf of the Service Association of Ohio at the Ohio Bureau of Workers' Compensation Board of Director's Actuarial Committee meeting on November 14, 2007.**

**Based on the number of individuals seeking time to speak at this meeting, I am withdrawing my expressed desire to speak. On behalf of the Service Association of Ohio, I would like the materials attached to still be provided to the members of the Board and the Actuarial Committee.**



Please feel welcome to contact me at (614)526-7221 with any questions.

Thank you.

Jim Tompkins

## Premium Impact Projections by BWC on Ohio Employers

Good morning!!! My name is Jim Tompkins. I am representing the Service Association of Ohio; an association of Ohio workers' compensation third party administrators. I'm a graduate of The Ohio State University with a degree in Economics and Statistics. For the past 33 years, I have worked with Ohio employers in managing their workers' compensation program expenses. During my career, I have had the privilege of working with several BWC Actuarial Department Directors as the BWC implemented each of their Alternative Rating Programs (Retrospective Rating, Group Rating, PDP+, DFWP and One Claim Program).

I would like to start my comments with words of appreciation to the BWC for their efforts in displaying data on their Dolphin website that attempts to show the projected premium impact of their proposed credibility table change.

I have reviewed this data as BWC has posted it showing projected premium results for the **policy year beginning July 1, 2005.**

On the All Policies Report, the summary line reflects that the proposed BWC change will increase private employers' annual premiums by more than \$24 million; a 2% overall increase. For Ohio's group rated employers (86,302 companies), the report shows a \$75.6 million (17%) premium increase. The data on the BWC's reports are telling me that the move to an 80% maximum credibility would result in much more than a premium rebalancing or redistribution. For the BWC to seek a \$75 million increase in premium collections from these 86,000 group rated employers when they are currently reporting a \$2.7 billion surplus in the Ohio State Insurance Fund is difficult to reconcile.

On BWC's Dolphin website reports, I found projected premium results at 4 individual credibility levels for July 1, 2005:  
90%, 85%, 83% and 80%.

I believe very important information is missing from these reports. The premium rates for this period were actually calculated by BWC and premiums paid by employers using a 95% maximum credibility table. The BWC's data reflects 90% as the highest. Using the data as the BWC has it posted gives the impression that the proposed change will result in a 17% average increase in grouped employers' premiums. In fact, the average increase going back to 2005 using the 95% maximum credibility would actually be 40%. **Given these differences, I believe it is appropriate to request that BWC also show premium results at the actual 95% maximum and at a proposed 88% maximum.**

Further, the Service Association of Ohio has found that if BWC were to calculate their premium changes based on tiered levels of group discounts (For example 95% to 90% discounts, 89% to 80%, etc.) that it would be very apparent that more than 80% of the grouped employers would experience average premium increases between 67% and 156% since July 1, 2005. In fact over 38,000 employers would have had their premiums doubled!!

Once the additional requested data is available for the July 1, 2005 results, I believe that BWC should create a similar set of reports for the policy year beginning July 1, 2006. **BWC would secure accurate figures of premiums paid by substituting 93% in the 2006 report for the 95% used for July 1, 2005.**

I would also like to point out a few highlights and observations that I made while reviewing the Group Loss Ratios report available on the BWC website. First, the reports capture claims and premium data for all of Ohio's group programs covering the four calendar years from 1999 thru 2002. **Again, I believe it is appropriate to request that BWC also show more recent results from calendar years 2003 thru 2006.** Secondly, when you evaluate the existing data for the four year period from 1999 to 2002, it actually shows that the group rated employers premiums paid were \$69 million in excess of the claim losses which they incurred. The result is an average loss ratio of 95% for the four years measured.

Finally, when BWC announced the new July 1, 2007 base premium rates, they also published a report showing a historical trend of Private Employer Average Collectible Rates. This report showed that for the 16 year period between 1975 and 1990, before group rating ever existed in the state of Ohio, that the average employer's base premium rate increased from \$1.42 to \$2.91 (an increase of 105%). On the other hand, since the inception of group rating in 1991, the average collectible rate has decreased from \$2.97 to \$1.85 as of July 1, 2007; a decrease of 38%. A question I would ask the Actuarial Committee is, "Why during the existence of group rating have overall collectible premium rates consistently dropped?"

At a time when the Ohio State Insurance Fund possesses a \$2.7 billion surplus, representing 1.5 years of collectible premium; this should not be seen as a time for BWC to burden our already fragile business economy, and more specifically Ohio's group rated employers with further premium increases beyond what they have already experienced the last few years. If actions are necessary to help reduce premiums for Ohio's non-group rated employers, then re-establishing the Non-Group Discount Factor that was used in computing rates from July 1, 2002 through July 1, 2006 should be considered.

Thank you very much for allowing me this opportunity to share with you this morning !!!

**Private Employer  
Average Collectible Rate**

Rating Year	Average Base Rate*	Average Collectible Rate*
7-1-75	\$1.42	
7-1-76	\$1.83	
7-1-77	\$2.38	
7-1-78	\$1.93	
7-1-79	\$1.88	
7-1-80	\$1.88	
7-1-81	\$1.83	
7-1-82	\$1.82	
7-1-83	\$1.76	
7-1-84	\$1.65	
7-1-85	\$1.75	
7-1-86	\$1.75	
7-1-87	\$2.34	
7-1-88	\$2.61	
7-1-89	\$2.78	
7-1-90	\$2.91	
7-1-91		\$2.97
7-1-92		\$3.00
7-1-93		\$2.85
7-1-94		\$2.73
7-1-95		\$2.67
7-1-96		\$2.63
7-1-97		\$2.17
7-1-98		\$2.11
7-1-99		\$2.03
7-1-2000		\$1.93
7-1-2001		\$1.81
7-1-2002		\$1.80
7-1-2003		\$1.94
7-1-2004		\$1.98
7-1-2005		\$1.76
7-1-2006		\$1.85
7-1-2007		\$1.85

\*Rates have been rounded to the nearest cent